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**ATTORNEY FOR PLAINTIFF**  
**UNITED STATES OF AMERICA**

**IN THE UNITED STATES DISTRICT COURT**  
**FOR THE DISTRICT OF MONTANA**  
**BILLINGS DIVISION**

<b>UNITED STATES OF AMERICA,</b>	<b>CR 18-46-BLG-SPW</b>
<b>Plaintiff,</b>	
<b>vs.</b>	<b>OFFER OF PROOF</b>
<b>DARRELL ALAN HATLEY</b>	
<b>Defendant.</b>	

The defendant, Darrell Alan Hatley, has signed a plea agreement which contemplates his plea of guilty to the Information, charging him with Wire Fraud in violation of 18 U.S.C. § 1343. Conviction carries a maximum penalty of thirty years imprisonment, a \$1,000,000 fine, five years supervised release, and a \$100

special assessment. The Court has scheduled Mr. Hatley's appearance for April 24, 2018, at which time he is expected to enter a plea of guilty.

The United States presented all formal plea offers to the defendant in writing. The plea agreement entered into by the parties and filed with the court represents, in the government's view, the final and the most favorable offer extended to the defendant. *See Missouri v. Frye*, 566 U.S. 134, 145-46 (2012).

*Elements.* In order to prove the case against the defendant at trial, the United States would have to prove the following elements beyond a reasonable doubt:

First, the defendant knowingly participated in, devised, or intended to devise a scheme or plan to defraud, or a scheme or plan for obtaining money or property by means of false or fraudulent pretenses, representations, or promises;

Second, the statements made or facts omitted as part of the scheme were material; that is, they had a natural tendency to influence, or were capable of influencing, a person to part with money or property;

Third, the defendant acted with the intent to defraud, that is, the intent to deceive or cheat; and

Fourth, the defendant used, or caused to be used, a wire communication to carry out or attempt to carry out an essential part of the scheme.

*Proof.* If called upon to prove this case at trial, and to provide a factual basis for the defendant's plea, the United States would present, by way of witnesses and documentary evidence, the following:

1. In approximately 2002, Darrell A. Hatley, Cattle Rancher & Owner, Hatley Livestock, LLC, of Miles City, Montana became a loan customer of Capital Farm Credit ("Capital"), located in Snyder, Texas.
2. During the course of his business relationship with Capital, Hatley's agriculture loan reached a high of \$8,000,000. Hatley originally obtained an agricultural loan that was renewed on yearly basis, for the purpose of financing cattle and expenses (but primarily for financing cattle).
3. As part the loan agreement, Hatley was required to provide financial statements at least annually - along with monthly cattle inventory reports (Borrowing Base Reports or Margin Reports). In these reports, and over the time of this loan, Hatley represented he had anywhere from 1,000 to 6,000 feeder cattle.

4. As part of the loan agreement, Hatley agreed to pay down the note each time he sold cattle. The proceeds were to be remitted to Capital Farm Credit upon sale of the cattle.
5. On or about August 22, 2017, Jason Gibson, Vice-President of Lending for Capital, flew to Wyoming to physically inspect and verify Hatley's cattle. In financial reports Hatley most recently provided to Capital, Hatley represented he had approximately 4,348 head of cattle. During the inspection of Hatley's cattle, Hatley informed Gibson that his "numbers were going to be off" and he had been "padding the numbers." Hatley stated that he had lied about the cattle number to Capital since approximately October 2015. A review of the cattle at Hatley's ranches confirmed this admission.
6. On or about February 16, 2018, Hatley was interviewed by law enforcement and confirmed the information above.
7. Law enforcement would determine that the loan proceeds paid by Capital to Hatley were typically wired from Capital into Hatley's account at First State Bank of Forsyth, Forsyth, Montana. Law enforcement confirmed that Hatley received a wire of approximately

\$413,537.20 from Capital into his bank account at First State Bank of

Forsyth, Forsyth, Montana on or about October 28, 2016.

DATED this 20th day of April, 2018.

KURT G. ALME  
United States Attorney

/s/ Zeno B. Baucus  
ZENO B. BAUCUS  
Assistant United States Attorney